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Office Memorandum

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UNITED STATES GOVERNMENT

TO : The Comptroller

DATE: DEC 6 1958

FROM : Chief, Management Staff

SUBJECT: Study of Program Analysis Staff

1. PROBLEM:

Determine the propriety and adequacy of the mission, functions, procedures, delegations of authority and staffing requirements of the Program Analysis Staff (PAS).

2. ASSUMPTIONS:

- 50X1
- a. The PAS was established by the Comptroller under [redacted] to assist him in carrying out his mission.
- b. Consideration of the effectiveness of any project undertaken by the PAS is not within the scope of this study.

3. FACTS BEARING ON THE PROBLEM:

- a. [redacted] states that the Comptroller shall "Develop and maintain effective program and financial analysis and prepare and distribute appropriately analytical reports and statements." 50X1
- b. The PAS was established in September 1952. The present (23 November 1956) ceiling and T/O of the PAS provides for six positions.
- c. Reports are prepared by the PAS in the forms of graphs, charts, statistical tables and comparisons, schedules in support of financial statements, staff studies, etc.
- d. The types of analyses, reports and statements conceived and projected for development and distribution by the PAS include:
- (1) Agency consolidated financial statements
 - (2) Analyses of Projects, active and terminated
 - (3) Analyses of Agency programs combining operational and financial data
 - (4) Progress reports on Agency programs.
- [redacted] 50X1

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- e. The types of analyses, reports and statements actually developed and distributed by the PAS include:
 - (1) Agency financial statements
 - (2) Analyses of terminated proprietary projects
 - (3) Analyses of TDY travel
- f. Due to lack of information available it has been impossible for the PAS to develop and distribute analyses, reports and/or statements of the following types:
 - (1) Analyses of active Projects
 - (2) Analyses of Agency operational programs
 - (3) Progress reports on Agency operational programs
- g. The Chief/PAS, in addition to supervision of the work of PAS, has acted in the following capacities:
 - (1) DD/S representative on Consolidated Charities Policy Committee
 - (2) Chairman, Comptroller Reports Review Panel
 - (3) Secretary, Board of Review for Shortages and Losses

4. DISCUSSION:

- a. While the ceiling and T/O of the PAS provide for six positions, the Staff has been functioning for some time with a personnel of five, one of whom is on detail from the Audit Staff. The position of clerk-typist presently is vacant. This shortage of personnel has placed an extra burden upon the balance of the Staff. It has resulted in limiting the number of projects which could be undertaken and has made difficult the completion of reports in a timely manner. A detail of the T/O is provided in TAB-A.
- b. A lack of operational information has reacted to limit the field of activity for the PAS to financial analysis. A comparison of the mission and functions of the PAS, as conceived by the Chief/PAS (TAB-B), with the types of analyses, reports and statements to which the PAS has been confined will disclose the areas in which it has been unable to function. Those areas in which information has been available appear to have been very thoroughly, appropriately and adequately covered. For a detailed list of the work accomplished and reports presently being furnished see TAB-C.

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- c. Program analysis, as construed by the Comptroller (with the apparent concurrence of the Inspector General) contemplated a merging of operational data with financial statistics designed to produce an evaluation of the effectiveness of Agency activities compared with original objective plans and cost estimates. Such analyses would also take into consideration pertinent reports by other components. Generally, operational data have not been made available to the Comptroller. This problem was discussed at length in a Comptroller memorandum dated 2 February 1956, a copy of which is attached as TAB D.

5. CONCLUSIONS:

- a. The existing T/O for PAS is correct for the Staff to function effectively.
- b. The PAS is performing an excellent job of financial analysis but is unable to function in the area of program analysis, as is required of the Comptroller by [redacted] 50X1
- c. Policy with respect to establishing effective program analysis and component responsibility for its performance should be established at the earliest opportunity. It is understood that this is in process of being resolved as a responsibility of the SA/PC/DCI.
- d. Because of the operational security factors involved, PAS should confine its efforts to financial analysis. The financial analysis should be forwarded to the appropriate unit of the Agency responsible for program analysis for incorporation as a proper and essential part thereof.
- e. Upon determination of "c" above, [redacted] should be modified to reflect proper responsibility for financial analysis and program analysis separately. 50X1

6. RECOMMENDATIONS:

It is recommended that:

- a. Any vacant position on the T/O of the PAS be filled by the Comptroller as soon as possible.
- b. The work of the PAS be limited to financial analysis, its mission and functions be revised accordingly, its title be changed to Financial Analysis Staff, and [redacted] be revised by the Comptroller to reflect these changes. 50X1
- c. Responsibility for program analysis be established and delineated by the SA/PC/DCI in an appropriate Regulation.

[redacted] STAT

E.R.S. R.F.

Would appreciate your considered
reaction to this

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SUBJECT: Study of Program Analysis Staff

ATTACHMENTS:

- TAB A - T/O of Program Analysis Staff
- TAB B - Mission and Functions of
Program Analysis Staff
- TAB C - Work Accomplished and Reports
Presently Being Furnished by
Program Analysis Staff
- TAB D - Comptroller Memorandum 2 Feb.
1956

DISTRIBUTION:

- Orig. & 1 - Comptroller
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A

PROGRAM ANALYSIS STAFF - T/O

<u>Description</u>	<u>Position Grade</u>	<u>Position No.</u>	<u>Encumbent Grade</u>
Accountant - Chief	GS - 15	M 289	GS - 15
Accountant	GS - 14	M 379	GS - 14
Accountant	GS - 12	M 245	GS - 13 (On T.D.)*
Accountant	GS - 09	M 247	GS - 07
Secretary - Steno	GS - 06	M 310	GS - 05
Clerk - Typist	GS - 04	M 249	Vacant

* Temporary Detail

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PROGRAM ANALYSIS STAFF

Work Accomplished and Reports Presently Being Furnished

A. Work Accomplished

1. Staff Studies

- a. Financial operation of:
 - (1) Foundations
 - (2) Preclusive Purchase Agreements
 - (3) Special Funds
- b. Consolidation of information and coordination of preparation of Comptroller reports.
- c. Development of more concise and meaningful financial reports.
- d. Reconciliation of reciprocal accounts, Fiscal and Finance Divisions.

2. Analyses

- a. Terminated proprietary projects.
- b. Financial transactions from 1947 - 1956 to develop trends and indices usable for forecasting future needs.
- c. Financial transactions on a covert purchase of scarce minerals for stockpile.
- d. Agency expenditures by fiscal years for each appropriation, Fiscal Years 1947 - 1956.

3. Reports

- a. Value of real property on books of the Agency
- b. Receipt and disbursement of Agency funds and reconciliation of net balances with Agency Treasury accounts current on appropriations 1952 through 1956.
- c. Allotment, obligation and expenditure schedules and charts.
- d. Schedules and charts on personnel trends.

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e. Financial statements

- (1) Quarterly
- (2) Annually
- (3) Special

f. TDY travel authorized (quarterly)

- (1) Domestic
- (2) Foreign

g. Increased cost of quarters furnished Agency personnel overseas occasioned by the application of

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B. Reports Presently Being Furnished

1. Monthly reports

- a. Allotment, obligation and expenditure schedules and charts.
- b. Schedules and charts of personnel strength
- c. Financial reports to the DD/S
- d. Report on appropriation form 133 for presentation to the Bureau of the Budget
- e. Obligation and expenditure trends by fiscal years.

2. Quarterly reports

- a. Summary financial statements
- b. Consolidated Agency financial statement
- c. Agency expenditures by fiscal year
- d. TDY travel authorization
 - (1) Domestic
 - (2) Foreign

3. Annual reports

- a. Summary consolidated Agency financial statement
- b. Consolidated Agency financial statement
- c. Write-off under

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MEMORANDUM FOR: [REDACTED] - Office of the Director,
Planning and Coordinating Staff

SUBJECT : Comments on Program Analysis - Memorandum for
SA/PC/DCI November 1955

1. The comments of the Office of the Comptroller on the above subject are as follows:

2. The efficient management of a large organization such as the Agency requires the performance of four primary functions.

a. A determination of Agency objectives to be attained which then becomes the yardstick against which results can be measured.

b. The maintenance of a current plan designed to achieve Agency objectives within given time limits.

c. The development of a system of periodic reports on the progress being made toward the accomplishment of planned activities. These reports should be in the same terms as the plan.

d. A system for the review and analysis of Agency programs.

3. We in the Comptroller's Office consider the term "program analysis" to mean a system of review and analysis in order to:

a. Evaluate the progress of operations toward the achievement of Agency objectives.

b. Measure and report on performance against approved operating plans and standards, including cost relationships.

c. Measure and report on the effectiveness of Agency policies and the procedures employed to carry them out, and

d. Appraise continuously the effect of Agency policies on economic, governmental, political, and social forces and the effect these forces have on the operation of Agency programs.

4. We are aware that most of this is being performed, in part, in various segments and at various levels in the Agency but no systematic attempt has been made to bring these segments together, to

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highlight and evaluate activities, and to present a coordinated picture to the top management of the Agency in a manner which would enable the Director to detect weaknesses, the failure to attain objectives, the necessity for changing objectives, and areas requiring immediate corrective management action.

5. The Comptroller is charged by [redacted] 5 April 1954, with developing and maintaining an effective program and financial analysis system and the preparation and distribution of analytical reports and statements. Since operational data generally have not been made available, this office has been limited to the development of a system for the analysis of financial activities and to presentation of Agency statements without regard to a review and analysis of the progress being made in attaining Agency operational program objectives.

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6. The viewpoint of the Office of the Comptroller has been that, rather than look at activities from a purely operational or financial point of view, operational data should be merged with financial facts and statistics and the efficacy and effectiveness of Agency activities evaluated. The Inspector General when making the survey of the Office of the Comptroller apparently arrived at the same conclusion. This consolidated approach highlighting what was done, how it compared with operational plans and the financial plan, what did it cost and was it worth the amount expended, should have wider application in order that operating officials would be made aware of the desirability of such an approach and would make use of the data developed. In discussions with representatives of the Inspector General, a question was raised as to whether the Comptroller, the operational elements, or an independent body should perform this kind of analysis.

7. The inspection of expenditures incurred by a project or under an Agency program is a normal accounting function of the Comptroller. The Comptroller in this Agency has progressed beyond the mere routine inspection of project and program expenditures. Financial data have been accumulated on an Agency wide basis and an analysis of financial plans has been undertaken. A consolidated statement of financial position has been prepared at regular intervals and forwarded to the Director and the Deputy Directors. This, however, is only one part of a program analysis system.

8. The use of the budget is not a program analysis system in the broad meaning of the term. The budgetary process is designed to:

a. Insure the compilation of data to be used in obtaining policy decisions.

b. Assemble data after obtaining required policy decisions and prepare a document adequate to secure from Congress sufficient funds to carry out planned operations.

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c. Review financial requirements, participate in evaluation and justification of budgetary requests and revisions of Agency operational requirements.

d. Allocate within the limits of funds appropriated amounts sufficient to carry out approved activities.

e. Insure the maximum utilization of funds made available by requiring the development of records and reports which will show the progress being made in this regard.

f. Determine fund requirements for the next fiscal year, the justification for the request and the consistency of the level of proposed operations within the known limits placed on availability of funds.

When in the course of this activity obligations and expenditures are reported to the budget offices, they have no way, in the absence of a coordinated reporting system, of determining whether the progress being made by a program is good, bad, or indifferent and generally will not be able to evaluate the degree of success in attaining a project or program objective. The development of data as a result of the budgetary process, therefore, is only part of a program analysis system.

9. Program analysis at the very top of the Agency would not be concerned solely with funds and their distribution. At that level the organization or group performing the analysis would merge operational data with the financial facts and statistics, measure the progress toward attaining objectives, and evaluate the accomplishments of Agency organizational elements.

10. We do not feel that the Project Review Committee as presently constituted could perform a current program analysis on a continuing basis unless a staff is created to accumulate the data and present continuing analytical reports to the PRC for action.

11. We recognize that the establishment of another staff at a time when the policy of the Agency is to reduce personnel strength may not be considered desirable or practical. Therefore, we are faced with the problem whether there exists in the Agency a group qualified to assume the entire function or whether there is a need for the establishment of another group.

12. Agency objectives have been established and plans prepared by various elements for accomplishing the objectives. The accounting system maintained by the Comptroller and the budgetary processes have developed financial and statistical data on Agency activities. The operating elements have accumulated data on the progress made and the degree of accomplishment in meeting Agency objectives. Supplementing these are reports by the Inspector General, the Inspection

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and Review Staff, DD/P, Management Staff, DD/S, and others. These sources contain data which, if fully utilized, would provide adequate information for an analysis of Agency programs. What is lacking is a system of reports which will coordinate the data available and present an organized picture of the progress being made, an evaluation of the results obtained, and the cost involved. Once a unified reporting system is set up, the data can be coordinated, the chain of command can be presented with the facts, the progress being made toward the achievement of Agency objectives can be measured, performance can be compared with operating plans and standards, and the differences and deviations between the programs as planned and as achieved can be explained. We believe this would accomplish the objectives the Inspector General had in mind.

E. R. Saunders
Comptroller

PAS/FAG:kdm (2 February 1956)

Orig. and 2 - Addressee

1 - Signer

1 - PAS Subject

1 - PAS Return

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